

Requiring state agencies to adopt risk management plans

SB 147 by Barrientos (Elkins)

DIGEST: SB 147 would have required the governing body of each state agency to adopt a risk management plan as part of the agency's strategic plan. The bill would not have expanded, superseded, or replaced the State Office of Risk Management's (SORM) authority to provide risk and insurance management services for state agencies, including the government employees worker's compensation insurance program. It also would not have superseded or replaced a state agency's duty to manage risks actively.

A risk management plan would have had to contain information required by SORM, including a risk assessment, risk control strategies, a report on the agency's achievement in implementing risk management and control strategies, and other information. SORM would have assisted and provided information for agencies preparing risk management plans.

GOVERNOR'S REASON FOR VETO: "Senate Bill No. 147 would require each state agency to adopt a risk management plan that includes risk assessment and risk control strategies as part of the agency's strategic plan. Current law already permits the State Office of Risk Management to assist state agencies in risk assessments and risk control strategies. This legislation would impose a burdensome mandate on all agencies, thereby creating additional paperwork and diverting scarce agency resources from our agencies' main purposes."

RESPONSE: Sen. Gonzalo Barrientos, the bill's author, said: "I was frankly shocked and disappointed that Gov. Perry vetoed SB 147, especially during a time when all unnecessary costs should be more closely scrutinized. SB 147 passed unanimously out of both chambers, because members recognized that state agencies should be doing what private entities have been successfully doing for years, planning ahead and minimizing loss. This legislation was based on the Turnbull report, which has saved millions if not billions of dollars in the U.K. I believe that SB 147 would have saved the taxpayers money here in Texas, and that's why I filed this bill. I'll file this legislation again."

Rep. Gary Elkins, the House sponsor, said: "SB 147 was brought to me by the State Office of Risk Management. As of now, state agencies are not required to have a risk management plan. I believe that good risk management planning would help the Legislature identify state agencies' most important functions and would reduce the state's exposure to risk and reduce potential losses."

NOTES: HB 147 was analyzed in the May 22 *Daily Floor Report*.